

FISCAL NOTE
SB 434 - HB 1419

March 28, 2005

SUMMARY OF BILL: Requires the Commissioner of Education to adjust the average daily membership (ADM) of LEAs who enter into joint agreements providing for the shifting of students from one LEA to another. The Commissioner shall upwardly adjust the ADM in favor of the LEA receiving students based on the number of students shifted. These adjusted ADMs shall then be used to calculate the BEP formula.

ESTIMATED FISCAL IMPACT:

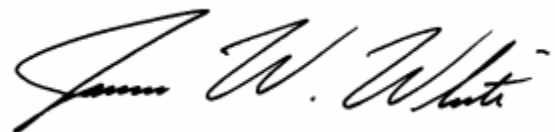
Other Fiscal Impact – Shifts BEP funds from one LEA to another LEA in an amount estimated to exceed \$100,000.

Assumptions:

- To the extent LEAs enter into agreements that result in the shifting of students from one LEA to another LEA, local government expenditures and revenues would also shift.
- The LEA receiving students as a result of the joint agreement would experience an increase in revenue from increased state funds, based on an upwardly adjusted ADM. If the LEA does not already provide local funds at the amount generated by the BEP based upon the increased ADM, the LEA would be required to increase local expenditures. The LEA losing students would experience a loss of revenue from state funds based on a lower ADM. If the LEA continues to have a decreased ADM, local expenditures would also be reduced.
- The amount of such shift in funds would depend on: (1) the number of students who are affected by such joint agreement between two or more LEAs and, (2) the involved LEAs' fiscal capacity and resultant amount of state funds each receives as generated by the BEP. Therefore, the amount of such shift in revenues and expenditures from one LEA to another LEA is estimated to exceed \$100,000 on a statewide basis.
- The bill does not result in additional state funds being generated through the BEP formula.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director